



RECLAIMING INDIA-NEPAL RELATION AND ITS CHALLENGES

Dr. Deepika Chettri

Assistant Professor, Department of Defence Studies, Sushil Kar College, Champahati, 24-Parganas, Kolkata

ABSTRACT

The India-Nepal relationship has always worked on the principle of friendship and cooperation based on strong historical, cultural, and political ties. The geographical proximity between the two has compelled both to adjust and pacify each other depending upon the power struggle rivalries among the external forces. Since 1959, Nepal has replaced Tibet as a buffer state between India and China since then, Nepal has gained a prominent geopolitical importance in the Asian political rim. It has been trying to balance the power equation between India and China and adjusting its state policies to its national interests. On the other hand, India and China have been competing to invest in and influence Nepal like never before. However, the economic blockade imposed by India in 2015 resulted in a crisis in India-Nepal relations. Nepal opted for China as an alternative investor which China saw as an opportunity to grip its foot in the Himalayan region. Thus, the India-Nepal relationship has been facing a bittersweet partnership due to growing Chinese influence and favouritism in all spheres. This paper examines the India-Nepal relationship and analyses the probable courses to reexamine and strengthen bilateral relations between the two.

KEYWORDS: India, China, Economy, Neighbourhood Policy, Cooperation, Development

INTRODUCTION

India and Nepal share a very nonpareil relationship of connection and cooperation often contested by conflict of interest due to the power equation of third parties. The relationship between the two has been deeply embedded with inherent history, religion, culture, traditions, and geographical proximities. Nepal, a landlocked country with unstable statecraft positioned between the two Asian superpowers China and India put it into a grim position often struggling to maintain its sovereignty to balance the power struggle. Because of its geographical position both India and Nepal have to compensate and console each other through its strategic policies.

Nepal as a nation has been shaped through conquest and assimilation since the rule of King Prithivinarayan Shah of the Gurkhas in 1769. At that time Gurkha ruler had followed an expansionist policy and conquest of Kumaon and Garhwal up to the West and Teesta River in the east of British India. It again lost its territories in the Anglo-Nepal war of 1814-16 followed by the Treaty of Sagauli (1816) as a result of which it had to return Kumaon, Garhwal, and the areas to the west of the Gandhaki River and also Terai region of Rapti and Kosi. Thus, this Treaty demarcated the boundary between Mechi and Mahakali rivers (Upreti, 2009).

The 1950 Treaty of Peace and Friendship concluded between India and Nepal is very important because as per the clauses, Nepal citizens enjoy the same privileges as the Indian citizens. Accordingly, Nepalese citizens shall have the right to trade, transmit, and have the freedom of movement. Under this Treaty, both countries agreed to acknowledge and respect each other sovereignty, territorial integrity, and independence. They shall inform each other if any serious friction or misunderstanding

is likely to erupt with any neighbours that might breach the friendly relationship between the two. India has conferred special relation status on Nepal after its independence that guides its Nepal policy to date. Further, Nepal has granted the right to Indian control of Nepali arms acquisition by agreeing to import arms, ammunition, or any warlike materials for security reasons from or through India. Henceforth, India formed the Military Liaison Group in 1963 and established a checkpoint at the China- Nepal border. India also signed the 1951 Treaty of Trade which was modified in 1961 and 1971 incorporating provisions on transmitting facilities for Nepal's trade with India and other countries (Pant, 2010). Under these treaty obligations, India has been generous to Nepal in economic and other infrastructure developments. India's interest in Nepal since the 1950s can be seen from four points i) sharing rivers; ii) increasing connectivity; iii) capacity building and iv) counterbalancing China. There are about 6000 rivers of Nepal that join Ganges contributing about 71 percent of water flow into it. British India had agreed to construct the Sarada Canal Project in Mahakali but after independence, India and Nepal engaged in the construction of the Kosi Project (1954), the Gandak Irrigation and Power Project (1959), and the Treaty of Integrated Development of the Mahakali River, the Sarada Barrage, the Tanakpur barrage and the Pancheshwar Multipurpose Project (1996) (Sahu, 2015).

The second most important factor that defines the relationship between India and Nepal is the cross-border movement. Nepal an immediate neighbour of India shares an open border with India in five Indian states Uttar Pradesh, Uttarakhand, Bihar, West Bengal, and Sikkim. As mentioned above the obligations of the Indo-Nepal Treaty of Peace and Friendship 1950, are of enormous implications and issues in this respect. Firstly,

an open border implies enormous economic opportunities as well as vulnerabilities from both sides. With time, the open border has become a lifeline to those living in the border areas. Economic migrants from Nepal enter India daily. Indian population also crosses over to and settles down in Nepal from Uttar Pradesh and Bihar. Due to industrialization and better economic opportunities, the circulation of fake currency notes, and cross-border terrorism skilled and unskilled laborers migrate to India (Sahu, 2015). In addition, India serves as a destination for medical treatment, education, tourism, and religious rites for Nepal. It enjoys a huge influence in Nepal because of cultural, social, and linguistic similarities (Sakya, 2019). The continuous flow of people has resulted in significant demographic changes in the entire border region especially in the Terai region of Nepal and the border areas of North Bengal. Simultaneously social activities and criminal acts, money laundering, human trafficking, drug trade, and other illegal smuggling are rampant which is of serious concern for both the states. Due to its porous nature, it becomes difficult to monitor the borders. The uncontrolled migration of people from Nepal into India poses serious security challenges to India. However, in 2007 both agreed to re-energize their bilateral mechanism to manage and maintain boundary pillars on their borders to monitor mutual security issues and to curb the circulation of fake currency notes and cross-border terrorism (Sahu, 2015).

Thirdly, Nepal's economy is dependent upon India to a large extent. The people residing in border areas depend more on Indian markets for their basic supplies. They are dependent on India for employment too. India has always been a trading partner of Nepal. Between 2012- 2013, bilateral trade between the two amounted to US\$4.7 billion, which is 66 percent of Nepal's bilateral trade of US\$7.2 in total (Sahu, 2015, p. 200). India has assisted Nepal in manufacturing Nepali products in India so that they could find a third market in neighbouring regions. India has invested around Rs. 542 crores in projects to build roads, schools, and community centres; US\$250 for roads, rural electrifications, and power transmissions. India is the largest trade partner and the largest foreign investor in Nepal. It provides a transit route for almost entire Nepal's trading partners. India holds around two-thirds of merchandise trade, one-third of trade services, thirty-six percent of foreign direct investments, and almost 100% of petroleum supplies. There are about 150 operating Indian ventures in Nepal engaged in manufacturing services, insurance, education and telecom, banking, dry port, power sector, and tourism industries (Dahal, 2018). Every year about 3000 scholarships are awarded to Nepalese students. It also organizes training programs for Nepalese bureaucrats, customs officials, and members of election Officials for their best practices (Sahu, 2015, p. 200). Despite several bilateral engagements between the two countries, their relationship did not follow a smooth pattern. There are quite a few areas where their interests clash thereby leading strained relationship between the two post-1950s. The developments in China-Tibet relations led to the takeover of Tibet by China and the flight of the Dalai Lama with huge numbers of refugees to India. Tibetans using Nepal as a transit camp to reach India had some far-reaching impact on India-China-Nepal relations. Despite India's initial attempt to the

contrary, Nepal gradually shifted away from India and turned towards China. The changing political scenario in Nepal and the emergence of communists in the policies of the country also contributed to this change. Now that Tibet has ceased to serve as the buffer state between India and China, Nepal has become important for both China and India. Both countries compete to extend their influence on Nepal. Nepal on the other side faces the pressure of balancing the power struggle between the two nations. Following the 1954 China-India Agreement on Tibet; India exercising its veto power, advised Nepal to defer links with China until India reached an understanding with China on Tibet. India also forced Nepal to conduct its relationship with China from its embassy in New Delhi until 1958 (Pant, 2010). After influx of the Tibetan refugees in India in the year 1959 and the 1962 border conflict with China, it became necessary for India to maintain its engagements in Nepal like never before. India expanded its economic aid to Nepal and even agreed to provide free military materials to Nepal but it withdrew its military Liaison Group and the military checkpoint on the China-Nepal border after realizing the Nepalese sensitivities to the issue. In the 1980s in response to Nepal and China's secret agreement in intelligence sharing and Nepal purchasing arms and aircraft guns from China, India set off an economic blockade by closing thirteen of the fifteen transit points on its border with Nepal (Sakya, 2019). With the new democratic Government of Nepal since 1990 the relationship between the two normalized to some extent. Thus, in 1991 the Trade and Transit Treaty was revised by the new government of Nepal. Again, in the time of political transition between the years 2006 -2008, India appointed a governmental official to head the anti-corruption body and put continuous effort to keep K.P Oli out of power expressing India's dissatisfaction over the drafting of the new Constitution of Nepal. This sort of political interference in India often disappoints the relationship between the two countries (Sakya, 2019).

Prime Minister Shri Narendra Modi's visit to Nepal in the year 2014 in consonance with the 'Neighbourhood First' Policy; expressed India's interest in engaging with Nepal. He proposed three major ways to enhance the relationship by HIT, i.e. Highway, Information ways, and Trans ways. He also announced a soft credit line of US\$1 billion for infrastructure development and energy projects and also the completion of the Mid Hill Highway and the construction of the Raxual Amlekhgunj Kathmandu petroleum pipeline. He agreed to open-air entry points at Janakpur, Nepalgunj, and Bhairahawa. Both countries agreed to sign a power trade and to establish Project Development Agreements for the development of various hydropower projects. Modi also announced to grant of scholarships for Nepalese students in the leading Indian universities (Sahu, 2015, p. 198). India makes a huge contribution in areas of employment generation, revenue generation, and industrial development as well as in establishing and operating various subsidiary industries in Nepal. Again, the disapproval of the new 175 Constitution of Nepal by India followed by the imposition of restrictions on petroleum products and other essential items from India in 2015 resulted in a severe economic crisis in Nepal (Sakya, 2019, p. 252). This blockade made a huge impact on Nepal as it was reeling from

the devastating earthquake. Although India had carried out “Operation Maitri” as a relief operation. Ultimately, Nepal had to look for an alternative economic partner to sustain and reduce its dependency on India which is none other than China (Sakya, 2019). According to a report in India Today \$6.54 million in aid was delivered to Nepal by China (Krishnan, 2015). Gurung and Shakya have analysed that, China has responded with search-and-rescue teams, medical supplies, and other assistance, and most importantly Taiwan’s offer to support rescuers was declined by Kathmandu as Nepal strongly supports the one-China policy. Even before India’s economic blockade China had already become a major investor with 90% shareholder of overall FDI inflows in Nepal,³⁵ henceforth, the blockade allowed them to establish their economic interest in the internal politics of Nepal (Aryal, 2022). However, it is difficult to argue for Nepal’s bold decision to lean toward China fully over India; it can be speculated on Nepal’s decision with the signing of the Belt and Road Initiative (BRI) in 2017 (Subedi, 2017).

In November 2019, India released a revised political map to re-demarcate its physical boundary claiming the Kalapani region as a part of Uttarakhand; just after the revocation of Article 370 in August 2019. This area was claimed by both India and Nepal earlier. This move was protested by Nepal’s government. It aggravated pre-existing bilateral relations leading to a political and diplomatic stand-off between the two countries. On May 8, 2020, India inaugurated the link road to Mansarovar Yatra, an 80 km road connecting to the border with China at the Lipulekh pass near Kalapani Valley which was opposed by Nepal accusing India of changing the area’s status quo and encroaching their territory. In response, Nepal approved a new map in June 2020, demarcating the part of Kalapani, Lipulekh, and Limpiyadhura as a part of their territory, and again India claimed this move as unilateral. (Gurung, 2020). Henceforth, both engage themselves in a blame game for their actions.

CONCLUSION

Nepal is navigating between India and China which is shaping its balancing diplomacy as a national character. The geopolitical competition between Indo- and Nepal, has though helped Nepal to sustain its economy and sovereignty. The power struggle between the two countries has put Nepal in a win-win situation up till now. In addition, the United States’ vision of the Millenium Challenge Corporation (MCC) as an alternative to BRI projects in Nepal tends to pose more challenges ahead of Nepal. The trade war between the United States and China coupled with India-China border scuffles puts Nepal at the centre of regional geopolitical turmoil. Henceforth, if Nepal worked pragmatically, can play a key role in balancing the power shifts in the region and its development. But if Nepal rules out maintaining its diplomatic and strategic balance between the power rivalries then, it might undermine its national security and sovereignty in the given context. Thus, Nepal should be very cautious in balancing and maintaining its trilateral position. Nepal, if worked pragmatically, can play a key role in balancing the power shifts in the region and its development.

Nepal is landlocked, considering its shared history and

economic reliance on India. It should have clear foreign policy objectives. Nepal should realize its national interest and ensure its government potential by addressing its economic challenges and bridging the gap between deep-rooted Pahadi- Madhesh internal conflicts. Nepal can develop and boost its economy only through cooperation and mutual benefits with India. India on the other hand should also revise its ‘neighbourhood first’ policies and work for cooperation and collective growth. Prioritizing their national interest both countries can work together utilizing their resources with mutual economic growth and benefits. Both countries should address constructive dialogues in border disputes and focus on long-term interests and partnership on mutual trust. The India-Nepal bilateral relationship should embark on diplomatic approaches through cultural exchanges, resource sharing and harnessing, trade, tourism, education, and research combining all other means of smart power.

REFERENCES

1. Aryal, S. K. (2022). Post-2015 India -Nepal Relations and China Factors in South Asia. *Politeja*, 285-303.
2. Dahal, G. (2018). Foreign Relation of Nepal with China and India. *Journal of Political Science* Vol.XVII, 46-81.
3. Gupta, R. (2023, September 20). Nepal’s Geopolitical Crossroads: Balancing China, India, and the United States. *Asia Society Policy Institute*.
4. Gurung, W. F. (2020, December 28). Resetting the Relationship: India’s Recent Engagement with Nepal. Retrieved July 27, 2024
5. Krishnan, A. (2015, April 29). China to triple Nepal Aid, boosts rescue efforts. Retrieved July 8, 2024, from *India Today*.
6. Pant, M. (2010). Coping with Challenges to Sovereignty: Sino-Indian Rivalry and Nepal’s Foreign Policy. *Contemporary South Asia*, 163.
7. Sahu, A. (2015). Future of India’s Nepal Relations: Is China a Factor? *Strategic Analysis*, 197-204.
8. Sakya, S. (2019). *Unleashing The Vajra, Nepal; ‘s Journey between India and China*. India: Penguin.
9. Subedi, M. (2017, May 12). Nepal officially joins the Belt and Road Initiative. Retrieved August 09, 2024, from <http://www.china.org.cn/world/2017-05>.
10. Upreti, B. (2009). The India Nepal Border Open Border: Issues and Problem. In K. Warikoo, *Himalayan Frontiers of India: Historical, Geopolitical and Strategi Perspectives* (pp. 122-135). London: Routledge.